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Letter No. 2371

July 21, 1988

**FARM PRODUCTION
EXPENDITURES**

Farm production expenditures for 1987 totaled \$110 billion 100 million, up 3.9 percent from the 1986 total of \$106 billion, according to the U.S. Department of Agriculture. Expenditures were higher for all major categories except feed, which decreased half a percent..interest, which dropped 15 percent...and fuels and lubricants, which decreased 7.3 percent. Farm services, including rent, the largest 1987 expenditures by farmers at \$24 billion, accounted for 22 percent of the Nation's production expense. This level was 2.9 percent above 1986. Average expenditures per farm were \$50,791, an increase of \$2,815 from 1986.

**LEAVING THE
FARM**

The rural farm population dropped by about one million between 1980 and 1987, to 4,986,000, according to the U.S. Departments of Commerce and Agriculture. About 1 in 49 persons, or 2 percent of the U.S. population, lived on a farm in 1987, compared with 30 percent in 1920. About 1 in 13 rural residents, or 8 percent of the 63,889,000 total rural population lived on farms in 1987. Half of all farm residents lived in the Midwest in 1987, compared with about a third in 1950. The farm population of the South declined from its 52 percent share in 1950 to 29 percent in 1987.

**HYBRID SEED CORN
& DROUGHT RELIEF**

Producers may elect to plant hybrid seed corn and not have it considered a feed grain under the 1988 production adjustment programs, according to the U.S. Department of Agriculture. However, this hybrid seed corn may not be grown on acreage taken out of production under the 1988 production adjustment programs or on acreage enrolled in the long-term Conservation Reserve Program. For details, check your county ASCS office.

**SOVIET GRAIN
AREA**

The preliminary grain area figure for the 1988 crop in the USSR was reported at 116 million 500 thousand hectares, according to the U.S. Department of Agriculture. By way of comparison, the preliminary figure for the 1987 crop was 117 million 600 thousand hectares, and the final figure for last year's harvest was 115 million 200 thousand. USDA is currently estimating 116 million hectares to be harvested for the 1988 grain crop.

**LATE WHEAT IN
AUSTRALIA**

Australia is encouraging late planting to increase the country's supplies of exportable wheat, according to the U.S. Department of Agriculture. Continued good weather could extend the planting season until August, enabling the 1988 Australian wheat planting to be higher than the current forecast. The crop is currently estimated at 13 million tons, up .6 million from last year's harvest.

AG. OUTLOOK,
CROPS - JULY 20

Because of the below-average rain and above-average heat through the spring and into the summer, the U.S. Department of Agriculture crop production estimates in early July were down sharply from month-earlier expectations based on normal weather. This spring and summer's drought has also hurt nonirrigated fruits and vegetables, especially dry edible beans, tart cherries, green peas, sweet corn and snap beans for canning. Fresh vegetable production tends to be irrigated and has survived the dry, hot weather relatively well.

AG OUTLOOK
PASTURE & RANGE
CONDITIONS

As of July 1, pasture and range conditions were the worst since records began in 1921, according to the U.S. Department of Agriculture. Farmers have had to sell some breeding stock from pastures, and the increased need for supplemental feeding has driven up the price of hay. Therefore, the supply of meat products is increasing, and the prices received for livestock and hogs are dropping. Increased sales at lower prices of animals producing red meat and stronger prices for poultry and eggs are maintaining livestock cash receipts. Higher feed costs, however, may push livestock enterprises from profits in the first half of 1988 to losses in the second.

OUTLOOK:
DEFICIENCY
PAYMENTS

Deficiency payments will fall markedly in the fourth quarter of 1988 because market prices are generally well above the loan rate and in some cases could exceed target prices, according to the U.S. Department of Agriculture. With expected crop insurance and disaster relief, Government payments for calendar 1988 from all sources may fall only moderately.

OUTLOOK:
NET CASH
INCOME

The net cash income for 1988 is estimated by the U.S. Department of Agriculture at about the same as last year's \$56 billion. But net farm income, reflecting the decline in production, will be down by \$1-\$6 billion in 1988. Although little overall change is expected in income, regional disruptions are arising because income differs sharply among individual farmers from what it would have been with normal weather. Drought-reduced capacity and high demand are straining the U.S. grain transportation system, pushing up transportation costs.

VIDEO ON CATTLE
HANDLING

The U.S. Department of Agriculture and the Livestock Conservation Institute have jointly produced an 18-minute video demonstrating the proper techniques for handling and transporting cattle easily, effectively and humanely, without stress. The video also shows the proper design of alleys, ramps and transport equipment that will help livestock handlers move cattle. Copies of the video, in VHS format only, can be purchased for \$29.95, including postage and handling, from the Livestock Conservation Institute, 6414 Copps Ave., Suite 204, Madison, Wis. 53716. Phone: 608-221-4848.

CRP SEVENTH
SIGNUP
EXTENDED

The U.S. Department of Agriculture has extended the seventh signup for the Conservation Reserve Program through August 31. The signup was scheduled to end Aug. 5. In addition, that cropland which had been hayed in counties approved for drought relief is eligible during this signup for entry into CRP for the 1988 crop year if the land meets other program requirements. The first six signups have enrolled more than 25½ million acres. The USDA goal is 40 to 45 million acres by the end of 1990.

DAIRY
OUTLOOK

Milk production probably will slip below year-earlier levels during the second half of 1988. Higher feed costs because of the drought will extend and augment the downward adjustment already underway. For all of 1988, milk production probably will total about 1 percent more than 1987's 142½ billion pounds. Seasonal rises in farm milk prices will likely be larger than last year's. However, the 1988 average price probably will be 3-5 percent below 1987's \$12.54 per hundredweight. First-half milk prices averaged 64 cents below a year earlier, mostly because the support price was down 75 cents and the surplus was sizable.

FROM OUR RADIO
SERVICE

AGRICULTURE USA #1625...(Weekly 13½ min documentary) How effective are vitamins in fighting disease and how important are vitamins to our health? On this edition of AGRICULTURE USA, George Holmes takes a look at the research being conducted at USDA concerning vitamins and their importance to our health.

AGRITAPE/FARM PROGRAM REPORT #1612...(Weekly reel of news features) USDA news highlights; Drought trip update; More U.S. wine sold in Japan; War helping U.S. farmers; and Seventh Conservation Reserve signup.

CONSUMER TIME #1105...(Weekly reel of 2½-3 min features) Drought and fish; No more pot; Biotechnology--blessing or curse?; Ice milk or lite ice cream; and Singles and supermarkets.

USDA RADIO NEWS SERVICE...Tues, July 25, Weekly crop and weather report; Thurs, July 28, Agricultural resources outlook; World tobacco situation; Fri, July 29, World food needs, Agriculture prices, Cattle numbers; Tues, Aug. 2, Weekly crop and weather report. Dial the USDA National News Line 202-488-8358 or 8359. All material changed at 5 p.m. ET each working day.

FROM THE NEWS SERVICE: In addition to our normal news lines, we are offering a daily crop weather update which is changed Monday through Friday at 9 A.M. Eastern Time. The number for this report is 202-447-2545.

TELEVISION SERVICE programs, A BETTER WAY, DOWN TO EARTH, AGRICULTURAL UPDATE and SATELLITE NEWS are available on satellite Westar IV, audio 6.2 or 6.8 as follows:

Thursdays....AG UPDATE/SATELLITE NEWS, 7:30-7:45 p.m. ET.....Transponder 12D

Saturdays....A BETTER WAY, 10:00-10:30 a.m. ET.....Transponder 9X
ORIGINAL DOWN TO EARTH, 10:30-11:00 a.m. ET....Transponder 9X
UPLINK SATELLITE NEWS/AG UPDATE, 11:00-11:15 a.m. ET.....Transponder 9X

Mondays.....A BETTER WAY, 8:00-8:30 a.m. ET.....Transponder 12D
REPEAT DOWN TO EARTH, 8:30-9:00 a.m. ET....Transponder 12D
UPLINK SATELLITE NEWS/AG UPDATE, 9:00-9:15 a.m. ET.....Transponder 12D

A BETTER WAY is also available on The Learning Channel SATCOM 3R, Transponder 2, Audio 6.8 each Thursday at 10:30 a.m. ET.

OFF MIKE

USDA Radio is grateful to farm broadcasters for feeds from the farms visited by Secretary Lyng and the Interagency Drought Policy Committee. According to Gary Crawford, USDA Radio, these Knights of the Airways included: Joe Cornely, WRFD, Columbus, OH...Skip Davis and his news crew, WASK, Lafayette, IN...Rich Balvanz, WMT, Cedar Rapids, IA...Gary Digiuseppe, Brownfield Net, MO...and Bob Bosold, WAXX, Eau Claire, WI. Thank you, Gentlemen!!...Hal Taylor, retired Dep. Dir. of Info., USDA, is heeding that old advice, "Go West, young man." He and his wife Marge are moving from Reston, VA to Grand Junction, Colorado. Hal said it was because of the beautiful scenery plus many relatives and friends in the Colorado vicinity...The son of Roland D. Brooks, Jr., Ext. Ed., R&TV, U. of Georgia, was watching TV on the satellite channel the other Saturday when suddenly and unexpectedly, there was Don Elder,

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USDA-TV, coming down from the stars, along with all the other USDA TV programs. Roland wrote to say the programs looked great.

Margaret T. Desatnik

MARGARET T. DESATNIK, Acting Chief
Radio and Television Division